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Analysis of 1982 Bank Marketing Expenditures

1983 Research Report
Advertising Department

309 West Washington Street • Chicago, Illinois 60606

BANK MARKETING ASSOCIATION

TO FINANCIAL MARKETERS:

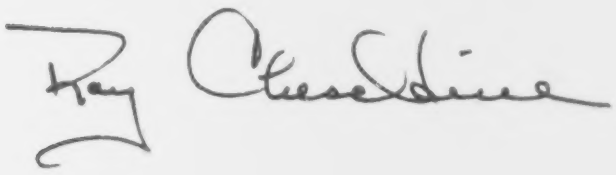
BMA is pleased to make available this new study — the "Analysis of 1982 Bank Marketing Expenditures." This compilation of statistics on how banks spend their marketing budgets is the only one of its kind in our industry.

The study is based on a sampling of the entire U.S. commercial banking industry. The result is an analysis of total industry marketing expenditures rather than BMA member banks exclusively.

In these times of deregulation, increasing competition and rapidly changing markets, the study should be helpful to readers in learning more about the budgeting process and how to address their competition.

Our special thanks go to the more than 1200 banks which took the time and effort to complete our lengthy questionnaire. Without their participation, the study would not have been possible.

Cordially,



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HOW THE SURVEY WAS CONDUCTED

This book contains more than 1,500 individual statistics on how banks in the United States spend their marketing budget to sell various banking services. The survey which was used to gather the data and the subsequent presentation of the tables and graphs here were designed to help bankers learn more about the bank marketing budgeting process.

This book is not designed to show how much your individual bank should spend on marketing or specific media. In fact, as you become familiar with the tables you will see that there is quite a diversity in the statistics based on the various factors considered in the survey — not just asset size, but also the size of the market and the type of market.

Nevertheless, you will see definable trends from these statistics that will help you confirm your beliefs about your own and competing banks' expenditures or perhaps help you develop new processes which can refine and improve your own marketing budget.

The book also presents an overview of the budgeting process itself and how it relates to the bank's central marketing plan and discusses common approaches to budgeting with some of the advantages and shortcomings of each.

This study differs from prior years' BMA budget studies in several regards: The questionnaire was designed to accumulate more specific data on where banks spent their budget (advertising, public relations, sales promotion, training and marketing research) with less emphasis on which services were promoted (checking, savings, etc.).

There also are a number of other technical changes in asset ranges, population sizes and other aspects of the questionnaire. For these reasons, we discourage direct comparisons of the data here with the last study conducted by BMA of 1979 marketing budgets.

This study also includes a new section on which banks use advertising agencies and how they compensate them.

A four-page questionnaire/cover letter was mailed to 7,857 banks nationwide. Banks were chosen by random 'nth' name selection among two asset groups: Those under $50 million in assets (6,330) and those over $50 million in assets (1,527). The distinction in asset sizes samples was to compensate for lower response rates among community banks experienced in previous surveys.

A "Second Request" mailing was made to the same list four weeks later, and responses were cut off May 18, 1983.

A total of 1265 questionnaires had been received at the cutoff date and of these 1097 were usable returns. They were distributed as follows:

In $ millions	Number Responding	Percentage of Survey
Under $10	58	6%
$10 - $25	132	12
$25 - $50	180	16
$50 - $100	266	24
$100 - $250	251	23
$250 - $500	89	8
$500 - $1 billion	55	5
$1 billion - $5 billion	56	5
Over $5 billion	10	1

After the questionnaires were edited and key punched, the data was computer tabulated, examined for consistency and verified for accuracy.

Presentation of Statistics

The statistics are presented here in percentage terms, in dollar averages and in dollar medians.

The percentage computations are based on the number of respondents answering each specific question and are rounded to the nearest whole percentage.

Wherever the word "average" appears, it means the arithmetic mean. Averages for each category are based on the number of banks reporting. Since the number of banks reporting varies from category to category, the sum of the category averages usually will not be the same as the "total" averages.

The median is the middle value from a list of rank ordered values. For example, for the five values 4,000, 4,000, 4,200, 5,000 and 20,000, the median is 4,200 and the average or arithmetic mean is 7,440. There are as many banks above the median as there are below. Because the average is sensitive to extreme values (20,000 in this example) and the median is not, the median often represents a better estimate than the average.

Dollar figures are rounded to the nearest $100.

The development of the marketing budget is one step in the total marketing planning process. Several methods of allocating dollars for marketing purposes are in common use. These will be described briefly and assessed in terms of advantages and disadvantages. But first, a few comments on writing a marketing plan are in order to set the stage for the budgeting process.

The marketing budget is the fifth of six components of a good marketing plan. There are four other steps which should be taken first. The key steps in formulating a marketing plan are the following:

1. ***Situation Analysis:*** Where are we today? What are our strengths and weaknesses? What opportunities and/or threats are facing us?
2. ***Objectives:*** Where do we want to be tomorrow? What specific goals do we want to achieve?
3. ***Strategy:*** What are the available paths to reach our goals? What will our organizational "game plan" be?
4. ***Tactics:*** What, specifically, will we do to implement the strategy? What action plans, timetables, activities, etc.?
5. ***Budget:*** How much will it cost? How will our resources be allocated?
6. ***Evaluation:*** Is it working? How do the actual results compare to our stated objectives?

Based on the planning done in the first four steps, the budgeting process can assign the costs for the marketing activities or tasks that will implement the selected strategy and achieve our goals. While advertising is usually the biggest part of the marketing budget, we should be careful not to overlook the other marketing elements: Public relations, sales promotion, sales/customer relations training and marketing research. Costs are assigned to these various functions based on their contribution to reaching our objectives. The budget, thus, becomes **the marketing plan in dollar terms.**

What has been described is called the **task/objective approach** to marketing planning and budgeting, because the budget is built by adding up the costs involved in achieving each marketing task and objective. Unlike other methods in common use, this technique makes the budget an integral part of a total plan based on an analysis of the unique needs of **your** own bank.

Marginal Analysis

Another approach to budgeting is marginal analysis. The economic foundation for this method is that promotional expenditures should be increased until each dollar of promotional expense is matched by an additional dollar of profit, the objective being to maximize the profit contribution from marketing. Both revenue and corresponding costs that can be generated from various size budgets are estimated to assess the profit implications of each budget. This can be done by taking the previous year's budget and analyzing the projected changes in performance from higher and lower budgets. While conceptually appealing, this method is very difficult to implement in practice. The major difficulty is isolating the contribution of marketing, apart from other factors, to overall profits. It is difficult to determine how marketing efforts will affect the consumer and how this will translate into increased revenue.

Other more traditional methods use "rules of thumb" which are quicker and easier to use, but not as thorough. They may, however, be helpful to decision-makers as general guidelines. Some of the most commonly used methods include:

1. ***Percentage of Assets/Deposits Method:*** Uses a predetermined percentage as the basis for the budget; such as 1/10 of one percent of assets. This method does reflect the fact that larger institutions probably can afford larger budgets. It does not, however, account for other factors that influence marketing expenditure levels such as size of market, market share, opportunities for market development and competitors. Moreover, using current or forecasted assets/deposits as the basis of the budget ignores the purpose of marketing. Marketing expenditures, after all, should be affecting the level of deposits and assets, not the other way around.
2. ***Incremental Method:*** Simply tacks on a set increase over previous spending — for example, budgeting 10% more than last year. This method is an easy one to implement, often pegging the increase to the rate of inflation. The assumption, however, is made that goals and strategies closely imitate past history. If you are completely satisfied that last year's performance was so good that you only need to repeat the same or more of the same strategies and tactics, this will work. Simply "doing more of the same" may mean that programs that are no longer effective will be continued since no evaluation or justification of programs takes place. In addition, most

institutions will want to adapt their plans in the face of external changes: Legislative developments, changing consumer markets, strategies of competitive organizations, etc.

3. ***Competitive Parity Approach:*** Is based on matching competitors' expenditures. The actions of your competitors are allowed to dictate your budget. While that may provide the same communications "weight" as your competitors, it fails unless you are the same size **and** have the same goals. The assumption underlying this approach is that all firms in the marketplace have the same opportunities for profitable marketing. More likely, your opportunities will not be entirely the same as your competitors. For example, a bank introducing a new product/service to compete with a competitor's already established product/service, would probably need heavier promotional effort just to create awareness among customers.

4. ***Resources Available Approach:*** Whatever is left over after other functions have been budgeted and a satisfactory profit planned goes to marketing. This method relegates marketing to definitely secondary status and does not consider the role of the marketing department or the objectives of the bank. It is possible that the resulting allocation will be too small to allow marketing to be very effective. At the other extreme, more may be spent than is needed. At some point, the result of increasing the number of advertisements in the local paper, for instance, is negligible. Three ads may not be marginally more effective in creating customer awareness of a new service than would two ads. Furthermore, budgets that fluctuate radically from year to year will make long range planning and the attainment of long term objectives very difficult.

All these "rule of thumb" methods fail to allow for flexibility and do not relate expenditures to your bank's specific marketing objectives. Although a budget created by these arbitrary methods is often referred to as a "budget plan", little planning and analysis has actually taken place. Nonetheless, they are useful as decision parameters and often are used in conjunction with a more analytical procedure like the task/objective method.

Using A Written Plan

Some final thoughts on planning and budgeting: Systematic planning can mean improved performance for your bank and lead to better coordination internally. Rather than leaving results to chance and merely reacting to events on a day to day basis, a written plan provides you with a blueprint for action and allocates resources for its implementation. Significant savings can result from developing an annual plan. When you develop your plan, keep the following in mind:

1. ***Be specific.*** Your stated objectives and performance standards should be quantified whenever possible to enable you to measure their attainment.

2. ***Periodically review the actual results*** of your promotional effort against your plan. This should be done on a regular basis. The marketing plan should be used as a yardstick to measure your progress. Remember, the annual plan is not set in concrete. Be flexible and be sure to take corrective action when and where needed.

3. ***Don't do either budgeting or planning in a vacuum.*** The marketing function, more than any other, touches all areas of the bank and requires cooperation from all for the best results. You will want to seek input from others throughout the bank and seek the commitment of top management as well.

4. ***Use your marketing plan.*** Use it as a guide; refer to it, review it, update it. Planning is an ongoing, dynamic process. The greatest possible mistake is to write a marketing plan and put it on the shelf until it's time to write next year's plan. A good marketing plan is threadbare long before the year is over.

Regardless of which method you use in preparing your own bank's budget, this study should be of value in comparing it to other banks' nationwide.

Be sure to consult all the tables here which delineate the statistics by various characteristics beyond bank asset size. For example, market size and market type, shown in Tables 6 and 7, appear to have a significant impact on the size of the budget.

This study will be of maximum value if your marketing budget is broken down into the same basic categories as those in the survey. Obviously, when making comparisons, it's important to be comparing similar items.

The items used on our questionnaire were built around generally accepted industry definitions for consistency among responding banks so that users of this publication could readily compare their expenditures in similar categories.

Nevertheless, check how your bank classifies expenditures to determine if there are any major differences in yours and these before proceeding with any specific comparisons.

In fact, you may find it convenient to use the table format and descriptions we have used, such as Table 1, to set up your own 1984 budget to assure that the data will be comparable in the future.

A special word on advertising . . . the largest part of your marketing budget will most likely be advertising. In fact, on the average, 60% of responding banks' marketing budgets go to advertising. And these advertising decisions are becoming more and more complex. Media choices are multiplying. Television is very effective for many services, but is also expensive. Cable television is a growing force in many markets. New magazines are emerging with more regional, state, and city editions available. Computers are offering limitless combinations of lists for more effective use of direct mail. Radio stations change formats, and audiences, regularly. The point is that media planning is dynamic because the media themselves are changing and the media mix will differ depending upon the service to be sold. More of your attention will, of necessity, be directed to the planning and budgeting of this area than to any other.

Limitations of the survey

While the survey sampling was taken from both BMA members and nonmembers, it can be assumed that there is a higher response rate among members than nonmembers. Because BMA members may tend to spend more or differently on marketing than nonmembers, the reader should take this potential bias into consideration.

Care was taken to make the definitions of expenditures universally acceptable but at the same time specific enough to be useful to the reader. Nevertheless, respondents may interpret questions differently, indicating an expenditure in an incorrect category.

Finally, the study is not a census of actual expenditures, but more a sampling of data from responding banks' records. As such it represents only a portion of all U.S. banks. The tables and individual statistics therefore should be used in relative terms to make comparisons rather than in absolute terms.

HOW MUCH IS THE BUDGET?

Tables One through Four show the expenditures banks made in 1982 in five functional areas of marketing.

- Advertising
- Public relations
- Sales promotion
- Staff training
- Marketing research

Each of these major categories is further divided into more detailed items, for example, by media within advertising.

Average budgets for respondents ranged from $13,000 for community banks to more than $7,060,000 for the largest banks.

Tables 1 and 2 show actual average and median expenditures for respondents in each category. Because not all respondents included detail for each line item, the averages will not necessarily sum to the bottom 'total' line. Median budgets range from $6,100 to $5,464,000.

As pointed out earlier, the averages in these tables could be affected by extreme values. For that reason, you may want to consider the median figures (Table 2) in your comparisons to learn what a typical bank spends.

For another comparison of expenditures, Table 3 shows what percentage of the banks' total marketing budget is allocated to each expenditure type.

Of the five major marketing functions, advertising accounts for the largest percentage (55% to 70%) in all size ranges of banks.

Within advertising, newspapers account for the largest expenditures in all bank asset ranges. The percentage allocation of budgets for newspaper advertising in community banks is nearly equal the allocation for the larger banks . . . about 18% to 20%.

Newspaper expenditures not only account for the largest share of the advertising budgets but also generally rival total expenditures on public relations and clearly exceed all other marketing categories.

The next largest common expenditure for banks is radio advertising which accounts for 5% to 12% of the banks' budgets, inversely related to asset size. On the other hand, television expenditures are directly correlated to asset size and range from 1% for community banks to more than 19% for the largest banks.

As a percentage of the marketing budget, training and research receive the least money, averaging about 2% for training and about 3% to 4% for research. Both categories tend to decline somewhat as a percentage of the budget with larger banks.

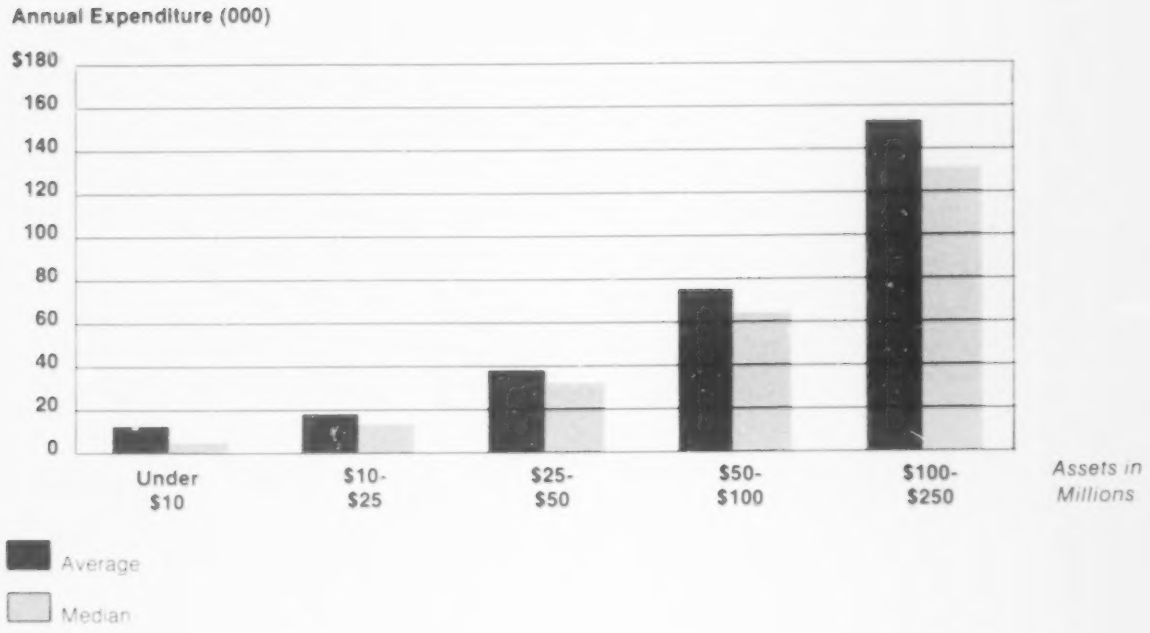
The largest institutions spend higher portions of their budget (66% to 70%) on advertising and less on public relations (8% to 12%) than do community banks (55% advertising, and 19% to 25% for public relations).

The large institutions also spend a smaller percentage (1% to 2%) of their budget on specialty giveaways such as calendars and pens than the community banks (7% to 10%).

The portion spent for donation advertising also declines from 8% to 12% for community banks to 3% to 4% for larger banks.

AVERAGE AND MEDIAN MARKETING EXPENDITURES

The two graphs below show the total average and the median expenditures by asset size as taken from Tables One and Two.



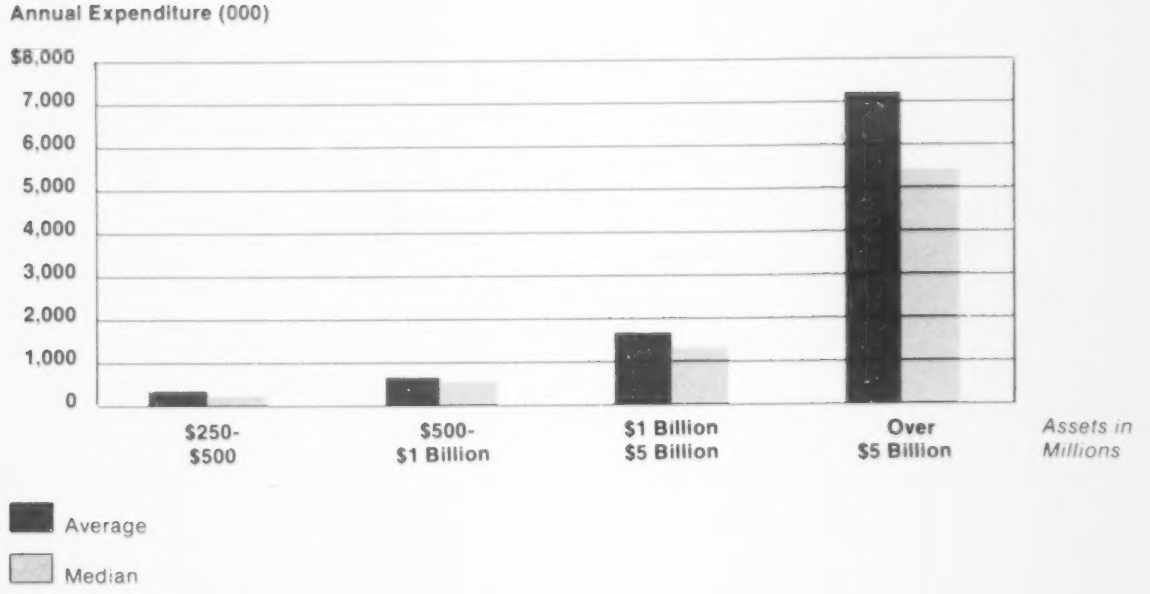


TABLE 1
AVERAGE MARKETING EXPENDITURES BY EXPENDITURE TYPE AND ASSET SIZE
(All Reporting Banks - 1982, $000)

Expenditure Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	$1.5	$ 1.1	$ 1.0	$ 2.6	$ 5.3	$ 12.2	$ 20.1	$ 79.8	$ 367.3
Directories (telephone, bank, city, etc.)	.5	.9	1.2	2.0	3.3	6.0	13.6	27.3	106.1
Newspapers	2.8	4.7	6.7	12.3	26.6	54.1	127.7	285.4	1408.4
Television	.9	2.0	3.6	11.4	23.9	63.4	120.3	317.4	1481.4
Radio	2.5	3.3	6.1	10.5	21.1	40.5	70.0	148.4	574.8
Direct Mail (literature, lists, postage, statement stuffers, etc.)	1.2	1.5	2.6	3.5	7.7	17.2	30.4	114.8	627.1
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	1.5	2.3	4.3	6.7	12.1	20.4	28.3	56.3	138.0
Production Expenses (artwork, talent, printing/filming, etc.)	3.6	1.4	4.0	5.7	14.6	40.5	80.5	163.1	344.9
Fees & Commissions (advertising agency, media representative, advertising/marketing consultants, etc.)	5.9	2.2	3.9	7.1	10.4	27.7	53.8	113.8	243.1
Other Advertising	1.1	2.3	5.8	7.8	10.4	16.0	35.0	121.9	1419.5
Sub-Total for Advertising	**7.8**	**10.9**	**22.5**	**43.4**	**98.0**	**241.5**	**475.7**	**1212.6**	**4971.4**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	1.0	1.4	2.5	2.6	8.0	16.5	30.7	70.9	184.3
Media Relations (press releases, press conferences, etc.)	.9	.6	1.5	.8	1.4	1.8	4.5	8.6	31.9
Publications (community service publications, newsletters, etc.)	.4	1.1	1.2	2.0	3.7	5.8	11.4	25.8	109.8
Special Events (seminars, anniversaries, open house, etc.)	.8	1.7	2.1	3.8	7.1	10.9	14.8	41.4	50.3
Public Relations Consultants Fees	4.1	2.4	1.2	6.4	6.0	8.4	7.1	32.1	9.9
Donations (include donation advertising—schools, churches, civic clubs and related publications)	1.3	2.8	3.7	6.8	12.0	21.9	46.5	69.0	559.1
All Other Public Relations	3.7	2.6	4.3	6.5	11.8	9.3	43.8	60.7	44.0
Sub-Total for Public Relations	**2.6**	**5.2**	**8.5**	**14.3**	**28.9**	**48.6**	**105.2**	**215.5**	**605.0**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	3.3	1.8	3.2	6.9	15.0	22.1	78.6	251.4	1004.1
Newcomer Services (non-salary only)	.3	.7	.7	1.2	1.9	5.1	4.8	13.7	55.4
Specialities (giveaways, such as calendars, pens, etc.)	1.3	3.1	3.9	5.7	8.8	13.4	15.5	24.4	11.4
Point-of-Sale Materials (displays, banners, brochures, etc.)	.5	.9	1.1	2.5	4.8	15.7	24.0	74.5	303.4
Employee Incentives (non-salary expenses directly related to employee sales/customer relations efforts)	.8	1.2	3.2	3.0	4.2	11.5	18.3	71.8	305.3
All Other Sales Promotion Expenses	.9	2.3	3.8	3.7	7.0	10.3	33.2	95.5	45.0
Sub-Total for Sales Promotion	**2.1**	**4.0**	**6.5**	**10.6**	**21.1**	**42.3**	**82.0**	**284.1**	**1028.0**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	1.8	1.0	4.6	3.2	3.7	6.9	19.4	22.9	74.0
Non-Salary Internal Expenses (development, printing, classroom, etc.)	.6	.9	1.2	1.3	1.6	4.9	14.9	9.9	15.9
All Other Sales Staff/Customer Relations Training	.6	1.6	1.7	2.3	2.8	4.1	8.9	24.0	—
Sub-Total for Staff Sales/Customer Relations Training	**1.7**	**1.6**	**2.9**	**3.4**	**4.1**	**8.6**	**24.0**	**30.1**	**302.7**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	8.5	3.3	15.4	3.4	5.5	9.6	22.0	58.1	346.5
Non-Salary Internal Expenses	1.5	.4	.7	.8	2.3	4.0	7.2	13.9	98.3
All Other Marketing Research	—	.5	1.3	.9	3.1	2.6	9.4	30.2	29.6
Sub-Total for Marketing Research	**7.4**	**6.2**	**10.6**	**2.9**	**5.2**	**8.6**	**25.0**	**65.6**	**391.7**
OTHER MARKETING EXPENSES	5.7	7.3	3.3	33.6	16.4	21.2	49.2	192.5	483.5
Total Marketing Expenditures	**13.0**	**19.9**	**38.9**	**74.5**	**152.2**	**339.4**	**681.1**	**1736.9**	**7062.7**

TABLE 2
MEDIAN MARKETING EXPENDITURES BY EXPENDITURE TYPE AND ASSET SIZE
(All Reporting Banks - 1982, $000)

Expenditure Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	$ .2	$ .2	$ .5	$ 1.5	$ 3.0	$ 6.0	$ 16.4	$ 65.0	$ 144.0
Directories (telephone, bank, city, etc.)	.3	.5	.9	1.5	2.5	4.7	11.5	18.4	68.0
Newspapers	1.0	3.2	5.0	10.0	21.5	40.0	84.0	216.3	974.2
Television	.4	.9	1.1	5.5	15.7	52.5	92.0	230.0	620.0
Radio	.6	1.8	5.5	8.8	16.0	31.0	63.4	110.4	571.5
Direct Mail (literature, lists, postage, statement stuffers, etc.)	.5	.6	1.2	2.0	5.0	10.0	26.7	72.3	370.0
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	.5	1.5	2.0	4.3	9.5	16.0	30.0	42.6	85.0
Production Expenses (artwork, talent, printing/filming, etc.)	1.0	.8	1.0	2.5	9.0	29.6	57.3	125.0	307.0
Fees & Commissions (advertising agency, media representative, advertising/marketing consultants, etc.)	3.0	1.5	2.4	5.0	8.5	21.7	45.5	96.0	98.0
Other Advertising	.5	1.0	3.2	3.5	5.6	6.7	11.9	25.0	151.0
Sub-Total for Advertising	**2.9**	**7.8**	**17.3**	**35.3**	**83.9**	**211.6**	**424.7**	**1140.3**	**3175.5**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	.3	.5	.8	1.4	5.5	15.0	29.0	60.0	219.8
Media Relations (press releases, press conferences, etc.)	.3	.5	.2	.5	1.0	1.0	2.0	5.0	35.0
Publications (community service publications, newsletters, etc.)	.2	.5	.9	1.2	2.1	3.3	8.0	13.0	84.0
Special Events (seminars, anniversaries, open house, etc.)	.3	1.0	1.2	2.0	3.6	6.3	10.0	22.2	10.0
Public Relations Consultants Fees	2.0	.8	.8	3.0	3.6	4.0	5.0	26.0	4.8
Donations (include donation advertising—schools, churches, civic clubs & related publications)	.6	1.7	3.0	5.0	8.0	16.0	20.0	20.6	500.0
All Other Public Relations	1.7	1.0	3.1	3.6	5.8	5.0	19.2	25.0	33.0
Sub-Total for Public Relations	**1.1**	**3.0**	**5.9**	**11.0**	**22.0**	**41.0**	**85.0**	**140.0**	**615.0**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	.3	1.0	1.6	4.6	5.0	12.9	26.0	35.0	118.0
Newcomer Services (non-salary only)	.1	.5	.4	.7	1.0	2.0	3.0	10.0	28.0
Specialities (giveaways, such as calendars, pens, etc.)	.8	2.0	3.0	4.4	7.0	8.5	10.4	22.6	5.0
Point-of-Sale Materials (displays, banners, brochures, etc.)	.2	.5	.8	1.5	3.0	8.0	18.0	43.0	250.0
Employee Incentives (non-salary expenses directly related to employee sales/customer relations efforts)	.3	.5	.5	1.0	2.0	5.1	10.0	23.0	75.0
All Other Sales Promotion Expenses	.4	1.0	1.3	2.5	2.9	4.1	23.1	67.0	45.0
Sub-Total for Sales Promotion	**.9**	**2.5**	**4.5**	**8.5**	**15.9**	**34.3**	**47.8**	**127.5**	**560.0**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	.8	.5	1.0	1.8	2.0	3.0	10.0	19.6	48.0
Non-Salary Internal Expenses (development, printing, classroom, etc.)	.5	.5	1.0	1.0	1.0	2.0	5.0	4.0	6.7
All Other Sales Staff/Customer Relations Training	.5	1.0	.9	1.0	1.5	2.3	5.0	8.0	90.4
Sub-Total for Staff Sales/Customer Relations Training	**.8**	**.8**	**1.0**	**1.5**	**2.1**	**4.4**	**18.4**	**20.0**	**97.1**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	1.0	.5	1.5	2.0	3.0	6.4	18.5	30.7	200.0
Non-Salary Internal Expenses	1.5	.4	.5	.6	1.0	1.5	6.0	6.9	40.9
All Other Marketing Research	—	.5	.5	.5	1.3	2.0	5.0	10.0	9.2
Sub-Total for Marketing Research	**1.0**	**.8**	**1.0**	**2.0**	**3.0**	**6.0**	**20.0**	**40.0**	**250.0**
OTHER MARKETING EXPENSES	4.9	1.0	3.1	6.4	8.0	11.3	33.4	75.7	483.5
Total Marketing Expenditures	**6.1**	**14.7**	**32.4**	**60.4**	**132.9**	**307.0**	**568.0**	**1407.0**	**5464.8**

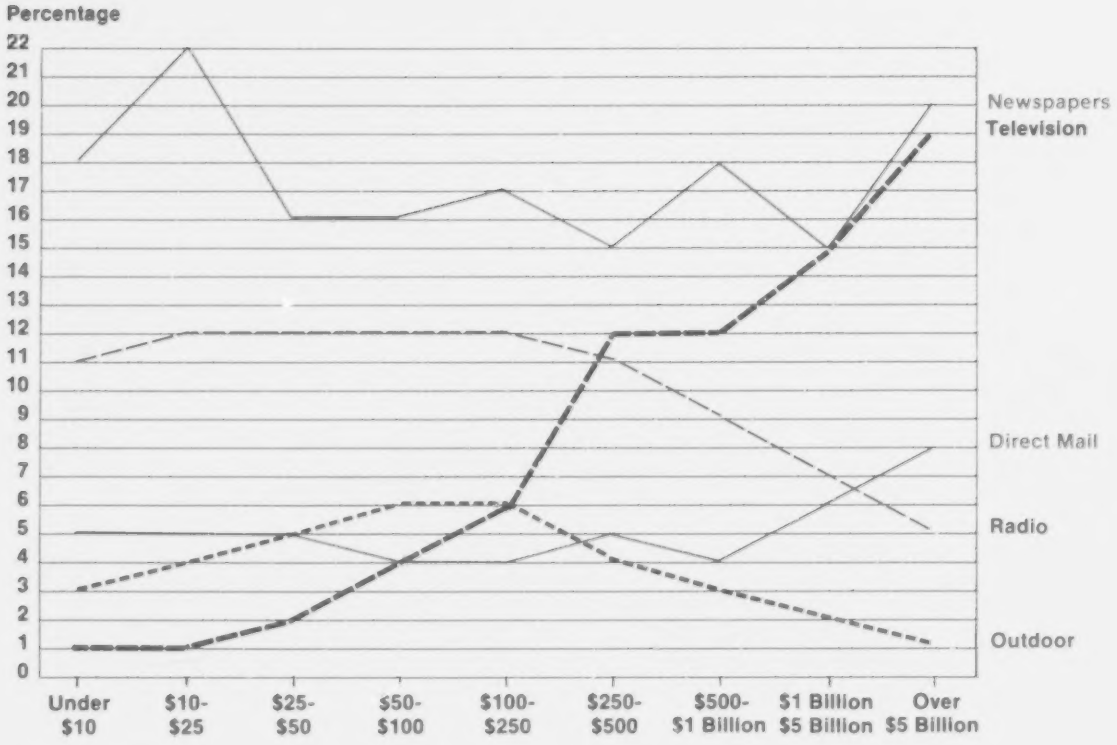
TABLE 3
PERCENTAGE OF REPORTING BANK BUDGETS SPENT ON EACH EXPENDITURE TYPE IN 1982 BY ASSET SIZE

Expenditure Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	3%	1%	1%	1%	1%	2%	2%	4%	4%
Directories (telephone, bank, city, etc.)	3	3	3	2	2	2	2	1	1
Newspapers	18	22	16	16	17	15	18	15	20
Television	1	1	2	4	6	12	12	15	19
Radio	11	12	12	12	12	11	9	7	5
Direct Mail (literature, lists, postage, statement stuffers, etc.)	5	5	5	4	4	5	4	6	8
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	3	4	5	6	6	4	3	2	1
Production Expenses (artwork, talent, printing/filming, etc.)	4	2	5	5	8	10	10	8	3
Fees & Commissions (advertising agency, media representative, advertising/marketing consultants, etc.)	5	2	3	5	4	6	6	4	1
Other Advertising	3	3	5	4	2	2	2	3	8
Sub-Total for Advertising	**56**	**54**	**55**	**57**	**63**	**70**	**67**	**66**	**70**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	3	2	3	2	4	3	3	3	2
Media Relations (press releases, press conferences, etc.)	*	*	*	*	*	*	*	*	*
Publications (community service publications, newsletters, etc.)	1	2	1	1	1	1	1	1	1
Special Events (seminars, anniversaries, open house, etc.)	2	4	3	3	3	2	1	2	*
Public Relations Consultants Fees	2	1	*	*	*	*	*	1	*
Donations (include donation advertising—schools, churches, civic clubs & related publications)	8	12	8	8	7	6	5	3	4
All Other Public Relations	3	3	4	4	3	1	2	1	*
Sub-Total for Public Relations	**19**	**25**	**21**	**19**	**19**	**14**	**15**	**12**	**8**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	3	2	2	2	3	2	4	7	7
Newcomer Services (non-salary only)	*	*	*	*	*	1	*	*	*
Specialities (giveaways, such as calendars, pens, etc.)	7	10	8	6	5	3	2	1	*
Point-of-Sale Materials (displays, banners, brochures, etc.)	1	1	1	2	2	3	3	3	4
Employee Incentives (non-salary expenses directly related to employee sales/customer relations efforts)	1	1	2	1	1	2	1	2	2
All Other Sales Promotion Expenses	*	1	2	1	1	*	1	1	*
Sub-Total for Sales Promotion	**12**	**15**	**15**	**13**	**13**	**12**	**11**	**15**	**13**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	1	1	2	1	1	1	1	1	*
Non-Salary Internal Expenses (development, printing, classroom, etc.)	1	1	1	*	*	*	1	*	*
All Other Sales Staff/Customer Relations Training	*	1	1	1	*	*	*	*	2
Sub-Total for Staff Sales/Customer Relations Training	**3**	**2**	**3**	**2**	**1**	**1**	**2**	**1**	**3**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	6	1	5	1	1	1	2	3	5
Non-Salary Internal Expenses	*	*	*	*	*	*	*	*	1
All Other Marketing Research	—	*	*	*	*	*	*	*	*
Sub-Total for Marketing Research	**6**	**3**	**5**	**1**	**2**	**2**	**3**	**4**	**6**
OTHER MARKETING EXPENSES	4	2	1	8	2	1	1	2	1
Total Marketing Expenditures	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

* = Less than 0.5%

PRIME MEDIA BY PERCENTAGE OF TOTAL MARKETING BUDGET

(Taken from Table 3)



WHERE THE BUDGET IS SPENT

Table 4 shows the percentage of banks which report an expenditure in each marketing category. For example, 97% of the banks in the "$250 to $500 million" range indicate they spent marketing funds in newspapers.

Whereas newspapers received the largest **share** of budgets as shown on Table 3, they also account for one of the highest **use** categories with 85% to 100% of banks using them as shown in Table 4.

Within the advertising budget, radio and directory advertising were next most common, followed by direct mail and billboard.

While about 95% or more of the banks reported advertising and public relation expenditures of some type, research and staff training received expenditures in about only half of the responding banks.

Other noteworthy items include: Of medium and larger banks, almost half use nonsalary incentives for employee selling efforts and 75% or more of the larger banks spend funds on research while less than a third of community banks do.

TABLE 4
PERCENTAGE OF BANKS REPORTING MARKETING EXPENDITURES OF EACH TYPE IN 1982 BY ASSET SIZE

Expenditure Type	Asset Size in Millions: Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING									
Magazines (consumer, trade, etc.)	26%	21%	24%	27%	42%	65%	75%	84%	70%
Directories (telephone, bank, city, etc.)	66	67	79	80	86	88	93	86	70
Newspapers	84	92	91	94	95	97	95	91	100
Television	16	11	18	24	39	63	65	80	90
Radio	59	73	80	85	90	89	85	86	60
Direct Mail (literature, lists, postage, statement stuffers, etc.)	55	64	70	77	82	92	89	89	90
Outdoor & Transit (billboards, taxi/bus, train cards, etc.)	22	33	41	62	73	71	71	66	60
Production Expenses (artwork, talent, printing/filming, etc.)	14	23	46	61	81	88	87	89	70
Fees & Commissions (advertising agency, media representative, advertising/marketing consultants, etc.)	12	17	34	47	63	74	78	64	40
Other Advertising	34	22	32	36	32	52	35	46	40
Sub-Total for Advertising	**93**	**98**	**95**	**97**	**98**	**98**	**96**	**95**	**100**
PUBLIC RELATIONS									
Stockholder/Investment Community (annual report, meetings, etc.)	34	30	45	50	70	69	76	77	70
Media Relations (press releases, press conferences, etc.)	7	3	8	14	21	38	55	70	70
Publications (community service publications, newsletters, etc.)	28	30	34	41	53	56	53	57	60
Special Events (seminars, anniversaries, open house, etc.)	34	47	56	65	67	74	67	71	40
Public Relations Consultants Fees	5	5	5	5	7	13	22	36	20
Donations (include donation advertising—schools, churches, civic clubs and related publications)	84	89	89	87	88	85	80	71	50
All Other Public Relations	9	25	33	42	40	37	35	39	40
Sub-Total for Public Relations	**95**	**95**	**97**	**97**	**99**	**98**	**96**	**93**	**90**
SALES PROMOTION									
Net Premium Expense (cost of premiums less revenues from premium sales)	10	17	18	26	34	38	38	48	50
Newcomer Services (non-salary only)	10	7	21	31	39	37	31	25	30
Specialities (giveaways, such as calendars, pens, etc.)	66	64	76	82	84	78	84	77	60
Point-of-Sale Materials (displays, banners brochures, etc.)	17	27	36	49	65	70	73	79	90
Employee Incentives (non-salary expenses directly related to employee sales/customer relations efforts)	9	16	22	36	41	51	44	54	40
All Other Sales Promotion Expenses	5	8	19	15	22	16	20	20	10
Sub-Total for Sales Promotion	**72**	**76**	**88**	**92**	**94**	**94**	**95**	**95**	**90**
STAFF SALES/CUSTOMER RELATIONS TRAINING									
External Expenses (consultant fees, materials, facilities, etc.)	10	12	13	30	33	37	31	46	20
Non-Salary Internal Expenses (development, printing, classroom, etc.)	12	12	18	25	31	28	38	46	20
All Other Sales Staff/Customer Relations Training	9	8	16	17	11	19	20	14	20
Sub-Total for Staff Sales/Customer Relations Training	**28**	**27**	**40**	**53**	**55**	**57**	**60**	**68**	**60**
MARKETING RESEARCH									
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	9	5	13	18	31	46	69	79	100
Non-Salary Internal Expenses	2	2	3	12	15	21	29	61	40
All Other Marketing Research	—	1	3	6	9	15	22	16	20
Sub-Total for Marketing Research	**10**	**9**	**20**	**29**	**48**	**71**	**85**	**95**	**100**
OTHER MARKETING EXPENSES	9	5	9	18	20	24	16	20	10
Total Marketing Expenditures	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

BUDGETS BY MARKET SIZE AND TYPE

Tables 5 through 7 present the expenditures in the framework of the respondent banks market (both in its size and its type). The data of Table 6 (by population and asset size) will be helpful in making the data from Table 1 more specific to your own marketing environment. Nevertheless, be aware of the smaller samples in some of these categories and the effect on projecting the data to other environments.

Of the banks which responded to the survey, about 60% were located in markets of 100,000 people or less, 25% in markets of 100,000 to 500,000, 5% were located in markets from 500,000 to 1 million and 10% in markets of 1 million or more.

The information here is easy to compare to your own bank's environment. In Table 6 for example, if your bank has $200 million in assets in a market under 100,000 persons, you could compare your expenditure to the average of $135,700. If your market were one million or more, the average would be $246,000.

As might be expected, banks in larger markets frequently exhibit larger marketing budgets. The average expenditure in the smallest market (under 100,000) for banks from $50 million to $100 million, is only $65,700 while in the next largest market (100,000 to 500,000), it is $90,500 or 37% more. The median in this same instance is $58,500 versus $74,000 or 26% higher.

While these comparisons will be useful, they should not be considered absolutes. The marketing plan referred to earlier in the "Budgeting for Bank Marketing" section should take into consideration the factors of your marketplace such as size, available media and competitors.

Further, many smaller banks have been successful in very large markets by seeking out their own niche, either in terms of customer segments or geographic boundaries, rather than confronting the market at large.

TABLE 5
AVERAGE MARKETING EXPENDITURES BY EXPENDITURE TYPE AND POPULATION SIZE
(All Reporting Banks - 1982, $000)

Expenditure Type	Population Size: Under 100,000	100,000-500,000	500,000-1 Million	1 Million or More
ADVERTISING				
Magazines (consumer, trade, etc.)	$ 2.0	$ 10.9	$ 38.2	$ 75.8
Directories (telephone, bank, city, etc.)	1.6	5.0	11.1	24.0
Newspapers	10.8	33.5	109.1	307.0
Television	11.5	38.5	120.9	469.2
Radio	9.5	27.9	55.9	146.3
Direct Mail (literature, lists, postage, statement stuffers, etc.)	3.1	12.9	27.9	118.4
Outdoor & Transit (Billboards, taxi/bus, train cards, etc.)	6.5	16.3	26.5	47.3
Production Expenses (artwork, talent, printing/filming, etc.)	8.2	24.8	77.0	117.9
Fees & Commissions (advertising agency, media representative, advertising/marketing consultants, etc.)	7.0	19.3	50.0	85.4
Other Advertising	6.4	13.2	50.8	188.1
Sub-Total for Advertising	**38.1**	**145.2**	**418.9**	**1118.0**
PUBLIC RELATIONS				
Stockholder/Investment Community (annual report, meetings, etc.)	3.6	10.6	32.3	64.9
Media Relations (press releases, press conferences, etc.)	1.0	1.5	3.4	9.7
Publications (community service publications, newsletters, etc.)	1.9	4.7	11.3	27.1
Special Events (seminars, anniversaries, open house, etc.)	3.3	8.9	14.3	30.5
Public Relations Consultants Fees	4.2	12.5	19.7	15.1
Donations (include donation advertising—schools, churches, civic clubs and related publications)	6.0	15.1	29.2	78.6
All Other Public Relations	6.8	16.2	21.3	40.0
Sub-Total for Public Relations	**13.4**	**35.3**	**77.0**	**172.0**
SALES PROMOTION				
Net Premium Expense (cost of premiums less revenues from premium sales)	6.6	15.7	66.2	255.9
Newcomer Services (non-salary only)	1.2	3.3	7.2	18.6
Specialities (giveaways, such as calendars, pens, etc.)	5.2	9.1	15.8	17.0
Point-of-Sale Materials (displays, banners, brochures, etc.)	2.4	8.1	25.0	81.8
Employee Incentives (non-salary expenses directly related to employee sales/customer relations efforts)	3.0	6.0	56.4	55.3
All Other Sales Promotion Expenses	3.7	11.9	12.3	67.5
Sub-Total for Sales Promotion	**9.7**	**26.0**	**90.9**	**248.0**
STAFF SALES/CUSTOMER RELATIONS TRAINING				
External Expenses (consultant fees, materials, facilities, etc.)	3.4	6.4	10.3	19.2
Non-Salary Internal Expenses (development, printing, classroom, etc.)	1.3	3.2	13.3	9.3
All Other Sales Staff/Customer Relations Training	2.3	3.2	3.0	—
Sub-Total for Staff Sales/Customer Relations Training	**3.3**	**6.9**	**12.2**	**46.8**
MARKETING RESEARCH				
External Expenses (supplier expenses such as consultants, field firms, data processing firms, etc.)	6.9	10.6	17.4	83.4
Non-Salary Internal Expenses	1.3	3.9	4.4	21.9
All Other Marketing Research	1.3	3.1	9.0	26.4
Sub-Total for Marketing Research	**5.7**	**9.2**	**17.5**	**88.7**
OTHER MARKETING EXPENSES	17.9	17.4	25.8	158.0
Total Marketing Expenditures	**63.4**	**212.0**	**574.6**	**1597.7**

TABLE 6
AVERAGE AND MEDIAN MARKETING EXPENDITURES BY POPULATION SIZE AND ASSET SIZE
(All Reporting Banks - 1982, $000)

Population Size	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Under 100,000									
Average Expenditures	$12.1	$19.1	$38.0	$65.7	$135.7	$289.3	$241.0		
Median Expenditures	5.7	15.3	32.3	58.5	122.5	300.0	241.0		
Number of Reporting Banks	53	117	154	200	117	12	1		
100,000 - 500,000									
Average Expenditures	15.6	22.5	49.5	90.5	162.1	320.0	634.3	$1035.0	
Median Expenditures	15.2	13.6	35.9	74.0	151.8	298.8	544.6	1031.8	
Number of Reporting Banks	3	10	20	52	107	53	14	7	
500,000 - 1 Million									
Average Expenditures	24.0	56.6	34.9	94.1	167.5	395.2	662.0	1444.1	
Median Expenditures	24.0	56.6	34.9	69.7	119.8	301.1	570.0	1093.0	
Number of Reporting Banks	1	1	2	4	11	12	13	11	
1 Million or More									
Average Expenditures	44.1	25.1	9.6	162.1	246.0	444.9	736.9	2008.4	$7062.7
Median Expenditures	44.1	25.1	5.7	85.0	191.7	447.4	685.5	1848.2	5464.8
Number of Reporting Banks	1	2	3	9	11	10	24	36	10

TABLE 7
AVERAGE AND MEDIAN MARKETING EXPENDITURES BY POPULATION SIZE AND MARKET TYPE
(All Reporting Banks - 1982, $000)

Population Size	Market Type					
	State-wide	Urban SMSA	Suburban SMSA	Urban Not SMSA	Suburban Not SMSA	Rural
Under 100,000						
Average Expenditures	$262.6	$ 99.3	$ 79.5	$ 98.6	$ 84.7	$ 44.1
Median Expenditures	252.3	66.0	50.9	75.2	75.2	32.4
Number of Reporting Banks	5	38	60	77	68	389
100,000 - 500,000						
Average Expenditures	462.2	263.0	150.8	229.3	171.1	175.0
Median Expenditures	247.6	168.8	122.2	121.1	141.1	136.0
Number of Reporting Banks	5	81	101	25	28	11
500,000 - 1 Million						
Average Expenditures	778.5	484.7	618.1	119.8	743.8	
Median Expenditures	555.1	410.0	570.0	119.8	500.0	
Number of Reporting Banks	9	21	15	1	3	
1 Million or More						
Average Expenditures	3035.3	975.3	463.7	151.0	785.3	975.0
Median Expenditures	1797.5	527.0	126.9	151.0	785.3	975.0
Number of Reporting Banks	36	41	14	2	2	2

Survey respondents also were asked to allocate their marketing budget by percentage over four areas:

A) Retail (to individuals)
B) Commercial/Corporate (businesses)
C) Trust
D) Institutional

In general, spending for retail services averaged about 60% of the total budget, commercial/corporate about 20%; trust about 5%, and institutional and "other" about 15%.

The actual average expenditures in retail (from Table 11) ranged from $7,800 to $5,611,000 depending on bank size. The next largest category, commercial/corporate, ranged from $4,800 to $1,570,000.

Median figures were somewhat lower in both examples and are shown in Table 12.

As bank size increased, the percentage allocations for these segments changed somewhat. As shown in Table 8, larger banks tend to spend a larger percentage of their budget on institutional advertising than do community banks. The figures range generally from 6% up to 15% to 19% with the larger banks.

The percentage allocation for commercial/corporate services declines somewhat with an increase in bank size.

Trust services accounted for less than 7% in all cases, with the highest concentration in banks from $1 billion to $5 billion in assets.

Virtually all banks promote services to the retail market, as shown in Table 9 and about 90% do commercial/corporate marketing. The emphasis on trust marketing varies widely with the bank asset size. As few as 10% of community banks use it while more than 70% of larger banks do.

The percentage of banks using institutional advertising also increases with size, up to 88% for larger institutions.

TABLE 8
PERCENTAGE OF REPORTING BANKS' BUDGETS SPENT ON EACH SERVICE BY ASSET SIZE

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	65.3%	69.0%	61.5%	54.7%	59.3%	53.8%	68.7%	59.5%	67.6%
Commercial/Corporate (business)	23.4	20.7	21.8	22.6	17.4	19.2	14.4	18.3	22.3
Trust	1.3	.5	1.4	4.0	4.7	4.9	3.8	6.9	4.6
Institutional	5.8	6.0	11.3	16.2	15.7	19.2	11.1	14.6	7.7
Other	4.3	3.8	3.9	2.6	2.9	2.9	2.1	.7	.4
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

TABLE 9
PERCENTAGE OF REPORTING BANKS MARKETING EACH SERVICE BY ASSET SIZE

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	95%	94%	97%	99%	98%	100%	100%	94%	100%
Commercial/Corporate (business)	83	81	89	91	90	90	94	94	88
Trust	10	8	18	45	60	74	67	74	63
Institutional	35	25	57	78	79	88	79	75	38
Other	15	15	20	17	19	22	21	13	13
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

TABLE 10
AVERAGE MARKETING EXPENDITURE BY SERVICE TYPE AND POPULATION SIZE
(All Reporting Banks - 1982, $000)

Service Type	Population Size			
	Under 100,000	100,000-500,000	500,000-1 Million	1 Million or More
Retail Services (individuals)	$38.7	$125.9	$360.3	$1093.3
Commercial/Corporate (business)	15.2	44.1	110.1	289.1
Trust	8.6	18.3	42.3	118.8
Institutional	16.2	45.3	131.2	264.3
Other	10.0	30.4	39.9	104.8

TABLE 11
AVERAGE MARKETING EXPENDITURE BY SERVICE TYPE AND ASSET SIZE
(All Reporting Banks - 1982, $000)

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	$7.8	$14.0	$23.4	$42.4	$91.2	$183.7	$476.8	$1140.0	$5611.6
Commercial/Corporate (business)	4.8	5.5	10.1	18.9	31.1	73.5	94.2	300.7	1570.8
Trust	5.7	1.0	2.8	6.0	12.5	21.9	34.8	131.9	379.7
Institutional	3.1	5.7	7.7	14.9	32.7	73.6	93.8	378.2	852.0
Other	3.1	5.5	5.8	10.9	19.2	54.0	60.6	99.9	510.9

TABLE 12
MEDIAN MARKETING EXPENDITURES BY SERVICE TYPE AND ASSET SIZE
(All Reporting Banks - 1982, $000)

Service Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Retail Services (individuals)	$3.9	$10.1	$20.0	$32.4	$74.9	$158.6	$411.3	$875.0	$2837.0
Commercial/Corporate (business)	1.5	3.7	5.9	12.1	21.0	50.6	57.0	224.0	1050.0
Trust	1.2	1.1	1.7	4.2	8.4	15.8	31.3	97.5	210.0
Institutional	1.2	4.3	4.4	9.3	19.2	47.6	54.8	189.4	1088.8
Other	2.5	3.0	4.2	6.2	15.6	35.7	39.9	47.3	510.9

USE AND COMPENSATION OF ADVERTISING AGENCIES

The use of advertising agencies or in-bank agencies has a direct correlation to the size of the bank. As shown in Table 13, usage of bank or holding company staff was very high (49% to 74%) among community banks but as low as 6% to 8% among the largest institutions.

Conversely, community banks reported outside agency usage as low as 12% depending on the size range. The banks over $500 million reported usage of outside agencies as high as 89%.

Among respondents checking "other" methods for preparing advertising, highest in the community bank ranges, most indicated they either used some sort of informal free-lance arrangement or media representatives.

Overall the most popular arrangement for agency compensation is fee basis only, although there is a combination of methods for many of the respondents.

Table 16 shows that the basic type of compensation varies with the size of the bank. As many as 86% of the community banks used only a fee basis for paying their agencies. For banks over $100 million, the percentage drops to 47% and continues to decline to as low as 21%.

At the same time, only a very small portion of the community banks use commission only payments. The percentage of commission-only agreements increases to as much as 50% for the largest banks.

The percentages tend to confirm that in smaller banks media commissions may not be sufficient to compensate agencies so the bank relies on a sole or supplemental fee arrangement. In the largest banks, the reverse could be true. A flat commission on a very large media budget could overcompensate an agency and it might be more equitable to both parties to develop a combination of fees and commissions.

Tables 14 and 15 confirm the assumption that the larger the population of the market the more likely it is that the bank will have an advertising agency. For example, in markets under 100,000 only 32% used outside agencies. In the largest markets, over 1 million, the figure was 76%.

The use of agencies also is related to the type of market area. Only 24% of the respondents in rural markets used agencies while 79% of those in statewide markets did.

TABLE 13
BANK'S PRIMARY SOURCE FOR CREATING ADVERTISING DURING 1982

Primary Source	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Used Bank or Holding Company Staff	70%	74%	56%	49%	33%	8%	7%	6%	
Used Outside Agency	15	12	28	40	57	86	89	89	100%
Other	15	14	17	11	10	6	4	6	

TABLE 14
PRIMARY SOURCE FOR CREATING ADVERTISING BY POPULATION

Population Size	Used Bank or Holding Company Staff	Used Outside Agency	Other	Base
Under 100,000	54%	32%	14%	626
100,000 But Less Than 500,000	28	65	7	262
500,000 But Less Than One Million	16	77	7	55
One Million or More	18	76	6	101

TABLE 15
PRIMARY SOURCE FOR CREATING ADVERTISING BY MARKET TYPE

Market Type	Used Bank or Holding Company Staff	Used Outside Agency	Other	Base
Statewide	9%	79%	12%	56
SMSA - Urban	25	69	6	181
SMSA - Suburban	37	56	7	185
Urban But Not SMSA	38	51	11	104
Suburban But Not SMSA	35	48	17	100
Rural (none of the above)	62	24	14	381

TABLE 16
HOW AGENCY WAS COMPENSATED FOR SERVICES IN 1982

Compensation Type	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Fee Basis (retainer, project, hourly, etc.)	57%	86%	74%	60%	47%	35%	44%	21%	—
Media Commissions	14	7	2	4	7	9	8	30	50%
Both	29	7	23	36	46	56	48	49	50

TABLE 17
AVERAGE AND MEDIAN MARKETING EXPENDITURES FOR 1981/1982 BY ASSET SIZE
(All Reporting Banks - 1982, $000)

	Asset Size in Millions								
	Under $10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
1982 NON-SALARY MARKETING EXPENDITURES									
Average Expenditures	$13.0	$19.9	$38.9	$74.5	$152.2	$339.4	$681.1	$1736.9	$7062.7
Median Expenditures	6.1	14.7	32.4	60.4	132.9	307.0	568.0	1407.0	5464.8
Number of Reporting Banks	58	132	180	266	251	89	55	56	10
1981 NON-SALARY MARKETING EXPENDITURES									
Average Expenditures	13.2	16.3	56.8	72.0	141.3	438.8	640.9	1495.0	4527.0
Median Expenditures	6.8	13.0	30.0	57.3	125.0	300.0	589.9	1227.0	5000.0
Number of Reporting Banks	37	98	151	236	223	77	52	45	7

Table 17 summarizes total marketing expenditures for respondents for both 1981 and 1982. In each table, both the average and median budgets are indicated along with the number of respondent banks in each asset category.

In general, 1982 budgets showed increases over 1981 budgets. Nevertheless, certain asset ranges reported decreases in either average or median expenditures. While it would be possible to make estimates from this data on what the banking industry at large spends on marketing, there are a number of limiting biases. The number of banks changes each year and responding banks, as cited earlier, may not make expenditures typical of all banks nationwide.

Readers interested in making such a projection despite these limitations may do so by multiplying the current number of banks in each asset range times the average expenditure for that range, then adding the total of the nine asset ranges.

BANK MARKETING ASSOCIATION

Part I. U.S. BANK MARKETING EXPENDITURES (excluding salaries)
Please allocate your 1982 non-salary marketing expenditures as best you can among the following categories. If your bank is part of a holding company, please report only your bank's figures.

A. ADVERTISING
1. Magazines (consumer, trade, etc.) ..... $
2. Directories (telephone, bank, city, etc.) .....
3. Newspapers .....
4. Television .....
5. Radio .....
6. Direct Mail (literature, rate, postage, statement stuffers, etc.) .....
7. Outdoor and transit (billboards, taxi, bus, train cards, etc.) .....
8. Production expenses (artwork, talent, printing, filming, etc.) .....
9. Fees and commissions (advertising agency, media representative, advertising/marketing consultants, etc.) .....
10. All other advertising (please describe): _____

Sub-Total for Advertising ..... $

B. PUBLIC RELATIONS
1. Stockholder/investment community (annual report, meetings, etc.) .....
2. Media relations (press releases, press conferences, etc.) .....
3. Publications (community service publications, newsletters, etc.) .....
4. Special events (seminars, anniversaries, open house, etc.) .....
5. Public relations consultants fees .....
6. Donations (include donation advertising — schools, churches, civic clubs & related publications) .....
7. All other public relations (please describe): _____

Sub-Total for Public Relations ..... $

C. SALES PROMOTION
1. Net premium expense (cost of premiums less revenues from premium sales) .....
2. Newcomer services (non-salary only) .....
3. Specialties (giveaways, such as calendars, pens, etc.) .....
4. Point of sale materials (displays, banners, brochures, etc.) .....
5. Employee incentives (non-salary expenses directly related to employee sales/customer relations efforts) .....
6. All other sales promotion expenses (please describe): _____

Sub-Total for Sales Promotion ..... $

D. STAFF SALES/CUSTOMER RELATIONS TRAINING
1. External expenses (consultant fees, materials, facilities, etc.) .....
2. Non-salary internal expenses (development, printing, classroom, etc.) .....
3. All other staff sales/customer relations training (please describe): _____

Sub-Total for Staff Sales/Customer Relations Training ..... $

E. MARKETING RESEARCH
1. External expenses (supplier expenses such as consultants, field force, data processing firms, etc.) .....
2. Non-salary internal expenses .....
3. All other marketing research (please describe): _____

Sub-Total for Marketing Research ..... $

F. ALL OTHER NON-SALARY MARKETING EXPENSES NOT ACCOUNTED FOR IN A—E ABOVE (Use a write-in if necessary) ..... $

Total 1982 Non-Salary Marketing Expenditures (Sum of A—F above) ..... $

Part II. SERVICE ALLOCATION OF 1982 NON-SALARY MARKETING EXPENDITURES
Please indicate the approximate percentage amount of your total marketing budget allocated to each of these five categories:

_____% Retail (Individuals)
_____% Commercial/Corporate (Business)
_____% Trust
_____% Institutional
_____% Other (Specify: _____)
100 % Total

Part III. GENERAL INFORMATION (Place a single check under each question)

A. **What were your bank's total assets as of December 31, 1982?**
- ☐ Under $10 million
- ☐ $10 million but less than $25 million
- ☐ $25 million but less than $50 million
- ☐ $50 million but less than $100 million
- ☐ $100 million but less than $250 million
- ☐ $250 million but less than $500 million
- ☐ $500 million but less than $1 billion
- ☐ $1 billion but less than $5 billion
- ☐ $5 billion or more

B. **Was your bank part of a holding company in 1982?**
- ☐ No (skip to D)
- ☐ Yes — one bank (skip to D)
- ☐ Yes — multi-bank (answer C)

C. **(To be answered by multi-bank holding company banks only) What were the total assets for all banks in the holding company as of December 31, 1982?**
- ☐ Under $10 million
- ☐ $10 million but less than $25 million
- ☐ $25 million but less than $50 million
- ☐ $50 million but less than $100 million
- ☐ $100 million but less than $250 million
- ☐ $250 million but less than $500 million
- ☐ $500 million but less than $1 billion
- ☐ $1 billion but less than $5 billion
- ☐ $5 billion or more

D. **What were the branching laws in your state on December 31, 1982?**
- ☐ Branching not permitted
- ☐ Limited branching permitted
- ☐ Statewide branching permitted

E. **For retail business, what best describes the kind of market in which your bank competes?** (check appropriate response; note: SMSA is Standard Metropolitan Statistical Area)
- ☐ Statewide
- ☐ SMSA — Urban
- ☐ SMSA — Suburban
- ☐ Urban but not SMSA
- ☐ Suburban but not SMSA
- ☐ Rural (none of the above)

F. **What is the approximate population of the retail trade area checked in E above?** (check appropriate category)
- ☐ Under 100,000
- ☐ 100,000 but less than 500,000
- ☐ 500,000 but less than one million
- ☐ One million or more

G. **Please indicate the approximate Total Non-Salary Marketing Expenditures for your bank in:**

$_____ 1981

Part IV. AGENCY COMPENSATION

A. **Which one of the following was the bank's primary source for creating advertising during 1982?**
- ☐ Used bank or holding company staff
- ☐ Used outside agency
- ☐ Other (specify): _____

B. **(Answer only if you indicated use of an outside agency above) Please indicate how your agency was compensated for services in 1982.**
- ☐ Fee basis (retainer, project, hourly, etc.)
- ☐ Media Commissions
- ☐ Both

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